

MINUTES CITY COUNCIL WORK SESSION June 4, 2019

CALL TO ORDER

The meeting was called to order at 5:30 pm.

Present: Mayor: Charlie Miner; Council: Tom Skjaret, Jahn Dyvik, Michelle Jerde, and

Deirdre Kvale

Staff Present: City Administrator: Scott Weske and City Clerk Jeanette Moeller

Absent: None

PLEDGE OF ALLEGIANCE

APPROVE AGENDA

A motion was made by Jerde, seconded by Skjaret, to approve the agenda as presented. Ayes: all.

OPEN CORRESPONDENCE

No one was in attendance to address the City Council during Open Correspondence.

BUSINESS ITEMS

Discussion of 1st Quarter 2019 Preliminary Revenues and Expenditures

City Administrator Weske noted that this item is on the consent agenda at the regular meeting, but he wanted to give the Council an opportunity to discuss the item in greater detail at the work session. He gave a brief overview of the revenues and expenses and how the information was put together. He noted that numbers presented are unadjusted from the 2018 audit so some of them may change when the audit is completed and the information is factored into the numbers.

Council member Dyvik asked if the City was borrowing from other accounts to pay the bills.

Weske noted that in essence that is what is happening and explained the process for paying the bills. He explained that each different area does not have its own checking account, so it is all written out of one account and then allocated to the various accounts.

Council member Skjaret stated that this situation is why the City needs to have at least 50% of its revenue on hand in cash.

Council member Kvale asked if funds were really put into escrow accounts or if they were fictitious escrow accounts.

Weske explained that it is put into the General Fund checking account or the "cash pie", but the funds are allocated for the specific purpose and not an actual separate escrow account.

Council member Kvale asked what would happen if those funds would need to be returned.

Weske stated that the City would return any unused funds, however the City could have a policy that designates certain funds as non-refundable, the same as it does for the permit process.

Mayor Miner stated that he assumes that the auditors are looking at this and making sure the City is following best practices in this situation.

Weske agreed that they look at this information and stated that there are some limitations because of the size of the City; for example, the audit will include a finding regarding separation of duties, which is simply because the City is so small. He noted that because the audit preparation is underway, he wasn't able to have complete accurate numbers in place for the first quarter of 2019 information.

Council member Dyvik asked if the TIF district accounts that have been zeroed out could be removed.

Weske stated that he has not done that, but believes he could.

Council member Skjaret suggested that they be kept in the report.

The Council discussed details of the current TIF districts and expressed the desire to see this information on a balance sheet.

Weske noted that the auditors will put together a balance sheet as part of the audit.

Council member Dyvik confirmed that there has actually been no revenue for the City this year, because the taxes haven't come in yet. He asked about the expenditures in Fund 101 and whether it was year to date, or if the numbers reflected a full year budget.

Weske stated that it should be the full year budget and not year to date.

Council member Dyvik suggested cleaning the report up and getting rid of the "YTD" where they are not appropriate.

The Council discussed specific line items, designations, and the budgeting process.

Weske suggested that the Council send him feedback on how they would like the report to look in the future.

Discussion of 2020 Budget Preparation Timeline and Process

Weske reviewed the usual budgeting process and noted that in September, he will receive information from Hennepin County which will be used by the City in establishing the preliminary levy. He reminded the Council that the preliminary levy amount cannot be raised higher in December, but can be lowered, so as a best practice he recommends always estimating the preliminary levy at a higher value so it can be adjusted down accordingly. He stated that the final 2020 budget and levy will need to be approved by December 30, 2019. He stated that he would like to see some work sessions held to discuss budgeting after the second quarter budget numbers, the 2018 audit, utility rate analysis, and some of the long-term planning has been completed.

Council member Dyvik asked where the one-time payment for the cell tower was allocated and where the monthly payment for the cell tower would be reflected.

Weske explained that it was a one-time payment into the General Fund and that the monthly payments were also being paid directly into the General Fund.

Council member Skjaret stated that he would like to see the interest money from investments be invested and not used to back-fill the General Fund. He stated that one other thing that has always bothered him is that the City seems to wait until the very last meeting in December to approve the budget. He stated that he would like to see the final approval happen earlier, such as 60 days from the adoption of the preliminary budget.

Weske suggested that the Council call a special meeting, perhaps in July, in order to spend the time needed to discuss the budget in detail.

The Council decided to hold a budget work session meeting on July 9, 2019 starting at 5:00 pm.

OTHER BUSINESS

None.

ADJOURN

Mayor Miner adjourned the meeting at 6:27 pm.

Respectfully submitted,

Scott Weske City Administrator